

AMENDED IN ASSEMBLY JANUARY 9, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

## ASSEMBLY BILL

**No. 330**

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**Introduced by Assembly Member Chau**

February 13, 2013

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An act to amend Sections 69433.2 and 94910, 94910, and 94929.5 of the Education Code, relating to student financial aid.

### LEGISLATIVE COUNSEL'S DIGEST

AB 330, as amended, Chau. Student financial aid: disclosures.

~~Existing~~

(1) *Existing* law establishes the Cal Grant Program under the administration of the Student Aid Commission, and establishes eligibility requirements for awards under the program for participating students attending qualifying institutions. As a condition for participation in the program, existing law requires each Cal Grant participating institution to annually report specified information to the commission, which the commission is required to provide on its Internet Web site in a searchable database.

This bill would include the institution's net price calculator, license examination passage rates, the institution's latest 3-year cohort default rate, the institution's percentage of undergraduate student borrowers, and the average certain other student loan debt of information concerning graduates of the institution in the information that a participating institution is required to report and the commission is required to provide on its Internet Web site. The bill would also require the commission to include a glossary explaining the meanings of various financial aid terms on its Internet Web site.

~~Existing~~

(2) *Existing law*, the California Private Postsecondary Education Act of 2009, *which is repealed pursuant to its own provisions on January 1, 2015*, provides, among other things, for student protections and regulatory oversight of private postsecondary schools in the state. The act is enforced by the Bureau for Private Postsecondary Education within the Department of Consumer Affairs. The act exempts specified institutions from all, or a portion of, its provisions. The act requires an institution to provide a prospective student prior to enrollment with a School Performance Fact Sheet, which is required to contain specified information relating to the educational program.

This bill would require the School Performance Fact Sheet to also include ~~the institution's net price calculator and the average~~ certain student loan debt ~~of information concerning graduates of the institution if the institution receives specified federal funding who have entered into student loans, as specified, while attending the institution.~~

*These provisions concerning the School Performance Fact Sheet would become operative only if an act that becomes operative on or before January 1, 2015, delays or eliminates the January 1, 2015, repeal date of the California Private Postsecondary Education Act of 2009.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 69433.2 of the Education Code is  
2 amended to read:  
3 69433.2. (a) As a condition for its voluntary participation in  
4 the Cal Grant Program, each Cal Grant participating institution  
5 shall, ~~beginning in 2012~~, annually report to the commission, and  
6 as further specified in the institutional participation agreement, all  
7 of the following for its undergraduate programs:  
8 (1) Enrollment, persistence, and graduation data for all students,  
9 including aggregate information on Cal Grant recipients.  
10 (2) The job placement rate and salary and wage information for  
11 each program that is either designed or advertised to lead to a  
12 particular type of job or advertised or promoted with a claim  
13 regarding job placement.  
14 ~~(3) The institution's net price calculator required pursuant to~~  
15 ~~Section 1015a(h)(3) of Title 20 of the United States Code.~~

1     (3) *License examination passage rates, as required pursuant to*  
2 *subparagraph (A) of paragraph (2) of subdivision (l) of Section*  
3 *69432.7.*

4     (4) *The institution's latest three-year cohort default rate, as*  
5 *required pursuant to subparagraph (A) of paragraph (3) of*  
6 *subdivision (l) of Section 69432.7.*

7     (5) *The institution's percentage of undergraduate student*  
8 *borrowers as reported pursuant to subparagraph (H) of paragraph*  
9 *(3) of subdivision (l) of Section 69432.7.*

10    ~~(4) The average student~~

11    (6) (A) *Student loan debt of information concerning graduates*  
12 *of the institution, as calculated pursuant to subdivision (c).*

13    (B) *The University of California and the California State*  
14 *University may comply with this paragraph by including student*  
15 *loan debt information, as calculated pursuant to subdivision (c),*  
16 *in their respective annual financial aid reports, as completed*  
17 *pursuant to Section 66021.1, and providing a copy of the report*  
18 *to the commission.*

19    (b) Commencing the year after the commission begins to receive  
20 reports pursuant to subdivision (a), the commission shall provide  
21 ~~all~~ *both* of the following on its Internet Web site:

22    (1) The information submitted by a Cal Grant participating  
23 institution pursuant to subdivision (a), which shall be made  
24 available in a searchable database.

25    ~~(2) A glossary explaining the meanings of various financial aid~~  
26 ~~terms, including, but not limited to, all of the following:~~

27    ~~(A) Private student loan.~~

28    ~~(B) Federal direct loan.~~

29    ~~(C) Grant.~~

30    ~~(D) Scholarship.~~

31    ~~(3)~~

32    (2) Other information and links that are useful to students and  
33 parents who are in the process of selecting a college or university.  
34 This information may include, but not be limited to, local  
35 occupational profiles available through the Employment  
36 Development Department's Labor Market Information Data  
37 Library.

38    (c) *Student loan debt information concerning graduates of a*  
39 *Cal Grant participating institution shall be calculated and reported*  
40 *as follows:*

1     (1) *The institution shall calculate the number of students who*  
2 *started as first-time postsecondary students at the institution, and*  
3 *who received a certificate, associate's degree, or bachelor's degree*  
4 *during that academic year.*

5     (2) (A) *The institution shall calculate the number and*  
6 *percentage of the students identified pursuant to paragraph (1)*  
7 *who borrowed at any time while enrolled at the institution through*  
8 *any student loan program, including, but not necessarily limited*  
9 *to, institutional loans, state loans, federal Perkins loans, federal*  
10 *Stafford subsidized and unsubsidized loans, and private loans that*  
11 *were certified by the institution, including both federal direct*  
12 *student loans and federal family education loans.*

13     (B) *The institution shall calculate the total principal borrowed*  
14 *in those loans described in subparagraph (A).*

15     (3) (A) *The institution shall calculate the number and*  
16 *percentage of the students identified pursuant to paragraph (1)*  
17 *who borrowed at any time while enrolled at the institution through*  
18 *a federal student loan program, including, but not necessarily*  
19 *limited to, federal Perkins loans, federal Stafford subsidized and*  
20 *unsubsidized loans, federal direct student loans, and federal family*  
21 *education loans, but excluding institutional loans, state loans, and*  
22 *private loans.*

23     (B) *The institution shall calculate the total principal borrowed*  
24 *in those loans described in subparagraph (A).*

25     (4) *The institution shall report both of the following to the*  
26 *commission:*

27     (A) *The percentages calculated pursuant to paragraphs (2) and*  
28 *(3).*

29     (B) *The average certificate- or degree-seeking student*  
30 *cumulative principal borrowed by those students counted pursuant*  
31 *to paragraphs (2) and (3), calculated by dividing the sum identified*  
32 *in subparagraph (B) of each of those paragraphs by the number*  
33 *of students receiving the loans described in the respective*  
34 *paragraphs. The institution shall report average loan debt*  
35 *information for certificate, associate's degree, and bachelor's*  
36 *degree programs separately.*

37     (5) *For purposes of this subdivision, "loans" shall include*  
38 *cosigned loans that financed a student's own enrollment or*  
39 *attendance, but shall not include parental loans.*

1 SEC. 2. Section 94910 of the Education Code is amended to  
2 read:

3 94910. Prior to enrollment, an institution shall provide a  
4 prospective student with a School Performance Fact Sheet  
5 containing, at a minimum, the following ~~information~~, *information*  
6 as it relates to the educational program:

7 (a) Completion rates, as calculated pursuant to Article 16  
8 (commencing with Section 94928).

9 (b) Placement rates for each educational program, as calculated  
10 pursuant to Article 16 (commencing with Section 94928), if the  
11 educational program is designed to lead to, or the institution makes  
12 any express or implied claim related to preparing students for, a  
13 recognized career, occupation, vocation, job, or job title.

14 (c) License examination passage rates for programs leading to  
15 employment for which passage of a state licensing examination is  
16 required, as calculated pursuant to Article 16 (commencing with  
17 Section 94928).

18 (d) Salary or wage information, as calculated pursuant to Article  
19 16 (commencing with Section 94928).

20 ~~(e) The institution's net price calculator if the institution is~~  
21 ~~required to provide one pursuant to Section 1015a(h)(3) of Title~~  
22 ~~20 of the United States Code.~~

23 ~~(f) The average student loan debt of graduates of the institution,~~  
24 ~~if the institution receives funding pursuant to Title IV of the federal~~  
25 ~~Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1070~~  
26 ~~et seq.).~~

27 ~~(g)~~

28 (e) If a program is too new to provide data for any of the  
29 categories listed in this subdivision, the institution shall state on  
30 its fact sheet: "This program is new. Therefore, the number of  
31 students who graduate, the number of students who are placed, or  
32 the starting salary you can earn after finishing the educational  
33 program are unknown at this time. Information regarding general  
34 salary and placement statistics may be available from government  
35 sources or from the institution, but is not equivalent to actual  
36 performance data."

37 ~~(h)~~

38 (f) All of the following:

39 (1) A description of the manner in which the figures described  
40 in subdivisions (a) to ~~(f)~~ (d), inclusive, are calculated or a statement

1 informing the reader of where he or she may obtain a description  
2 of the manner in which the figures described in subdivisions (a)  
3 to-(f) (d), inclusive, are calculated.

4 (2) A statement informing the reader of where he or she may  
5 obtain from the institution a list of the employment positions  
6 determined to be within the field for which a student received  
7 education and training for the calculation of job placement rates  
8 as required by subdivision (b).

9 (3) A statement informing the reader of where he or she may  
10 obtain from the institution a list of the objective sources of  
11 information used to substantiate the salary disclosure as required  
12 by subdivision (d).

13 (i)

14 (g) The following statements:

15 (1) "This fact sheet is filed with the Bureau for Private  
16 Postsecondary Education. Regardless of any information you may  
17 have relating to completion rates, placement rates, starting salaries,  
18 or license exam passage rates, this fact sheet contains the  
19 information as calculated pursuant to state law."

20 (2) "Any questions a student may have regarding this fact sheet  
21 that have not been satisfactorily answered by the institution may  
22 be directed to the Bureau for Private Postsecondary Education at  
23 (address), Sacramento, CA (ZIP Code), (Internet Web site address),  
24 (telephone and fax numbers)."

25 (j)

26 (h) If the institution participates in federal financial aid  
27 programs, the most recent three-year cohort default rate reported  
28 by the United States Department of Education for the ~~institution~~  
29 ~~and institution~~, the percentage of enrolled students receiving federal  
30 student loans, *and the average student loan debt of graduates of*  
31 *the institution calculated pursuant to Article 16 (commencing with*  
32 *Section 94928).*

33 *SEC. 3. Section 94929.5 of the Education Code is amended to*  
34 *read:*

35 94929.5. (a) An institution shall annually report to the bureau,  
36 as part of the annual report, and shall publish in its School  
37 Performance Fact Sheet, all of the following:

38 (1) The job placement rate, calculated by dividing the number  
39 of graduates employed in the field by the number of graduates  
40 available for employment for each program that is either (1)

1 designed, or advertised, to lead to a particular career, or (2)  
2 advertised or promoted with any claim regarding job placement.

3 (2) The license examination passage rates for the immediately  
4 preceding two years for programs leading to employment for which  
5 passage of a state licensing examination is required, calculated by  
6 dividing the number of graduates who pass the examination by the  
7 number of graduates who take the licensing examination the first  
8 time that the examination is available after completion of the  
9 educational program. The institution shall use state agency  
10 licensing data to calculate license examination passage rates. If  
11 those data are unavailable, the institution shall calculate the license  
12 examination passage rate in a manner consistent with regulations  
13 adopted by the bureau.

14 (3) Salary and wage information, consisting of the total number  
15 of graduates employed in the field and the annual wages or salaries  
16 of those graduates stated in increments of five thousand dollars  
17 (\$5,000).

18 (4) (A) If applicable, the most recent official three-year cohort  
19 default rate reported by the United States Department of Education  
20 for the ~~institution~~ and *institution*, the percentage of enrolled  
21 students receiving federal student loans, and the average student  
22 loan debt of graduates of the institution.

23 (B) *The student loan debt information concerning graduates of*  
24 *the institution shall be calculated and reported as follows:*

25 (i) *The institution shall calculate the number of students*  
26 *receiving student loans who started as first-time postsecondary*  
27 *students at the institution, and who received a certificate,*  
28 *associate's degree, or bachelor's degree during that academic*  
29 *year.*

30 (ii) (I) *The institution shall calculate the number and percentage*  
31 *of the students identified pursuant to clause (i) who borrowed at*  
32 *any time while enrolled at the institution through any student loan*  
33 *program, including, but not necessarily limited to, institutional*  
34 *loans, state loans, federal Perkins loans, federal Stafford subsidized*  
35 *and unsubsidized loans, and private loans that were certified or*  
36 *known by the institution, including both federal direct student*  
37 *loans and federal family education loans.*

38 (II) *The institution shall calculate the total principal borrowed*  
39 *in those loans described in subclause (I).*

1     (iii) (I) The institution shall calculate the number and  
2     percentage of the students identified pursuant to clause (i) who  
3     borrowed at any time while enrolled at the institution through a  
4     federal student loan program, including, but not necessarily limited  
5     to, federal Perkins loans, federal Stafford subsidized and  
6     unsubsidized loans, federal direct student loans, and federal family  
7     education loans, but excluding institutional loans, state loans, and  
8     private loans.

9     (II) The institution shall calculate the total principal borrowed  
10    in those loans described in subclause (I).

11    (iv) The institution shall report to the bureau and on the School  
12    Performance Fact Sheet both of the following:

13    (I) The percentages calculated pursuant to clauses (ii) and (iii).

14    (II) The average per-undergraduate cumulative principal  
15    borrowed by those students counted pursuant to clauses (ii) and  
16    (iii), calculated by dividing the sum identified in subclause (II) of  
17    each of those clauses by the number of students receiving the loans  
18    described in the respective clause. The institution shall report  
19    average loan debt information for certificate, associate degree,  
20    and baccalaureate degree programs separately.

21    (v) For purposes of this paragraph, “loans” shall include  
22    cosigned loans that financed the student’s own enrollment or  
23    attendance, but shall not include parental loans.

24    (b) Nothing in this section shall limit the bureau’s authority to  
25    collect information from an institution to comply with this section  
26    and ensure, by regulation and other lawful means, that the  
27    information required by this section, and the manner in which it  
28    is collected and reported, is all of the following:

29    (1) Useful to students.

30    (2) Useful to policymakers.

31    (3) Based upon the most credible and verifiable data available.

32    (4) Does not impose undue compliance burdens on an institution.

33    SEC. 4. Sections 2 and 3 of this act shall become operative  
34    only if an act that becomes operative on or before January 1, 2015,  
35    amends or repeals Section 94950 of the Education Code to delay  
36    or eliminate the January 1, 2015, repeal date of the California  
37    Private Postsecondary Education Act of 2009 (Chapter 8



- 1 *(commencing with Section 94800) of Part 59 of Division 10 of*
- 2 *Title 3 of the Education Code).*

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